

**REPORT OF THE AUDIT OF THE
BOURBON COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



**CRIT LUALLEN
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
BOURBON COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002

The Auditor of Public Accounts has completed the Bourbon County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances decreased by \$2,078,549 from the beginning of the year, resulting in a cash surplus of \$3,876,513 as of June 30, 2002. Revenues decreased by \$6,279,157 from the prior year and disbursements decreased by \$793,909. The largest part of this decrease was due to a bond issue during the prior year to build a courthouse annex building. Prior year bond proceeds totaled \$4,210,776.

Debt Obligations:

Total bonded debt principal as of June 30, 2002, was \$5,166,007. Future collections of \$8,161,719 are needed over the next twenty years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$1,525,000 as of June 30, 2002. Future principal and interest payments of \$2,143,869 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Donnie Foley, Bourbon County Judge/Executive
Members of the Bourbon County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Bourbon County Kentucky as of June 30, 2002, the statement of cash receipts, cash disbursements, and changes in cash balances - all governmental fund types, the combined statement of cash receipts, cash disbursements and changes in cash balances - all proprietary funds and all non-expendable trust funds, and the related statement of cash flows - proprietary funds and non-expendable trust funds for the year then ended. These financial statements are the responsibility of the Bourbon County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Bourbon County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity as of June 30, 2002, of Bourbon County, Kentucky, and the revenues received and expenditures paid and the cash flows of its enterprise fund and non-expendable trust funds for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
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In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2003, on our consideration of Bourbon County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Bourbon County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
October 22, 2003

BOURBON COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Donnie R. Foley	County Judge/Executive
James S. Alexander	Magistrate
Marion Dawson	Magistrate
Barry L. Hay	Magistrate
Dorothy M. Mastin	Magistrate
Donald R. McCarty	Magistrate
Stephen L. Roy	Magistrate
John N. Smoot	Magistrate

Other Elected Officials:

John J. Brady	County Attorney
Michael E. Fryman	Jailer
Richard S. Eads	County Clerk
Jacqueline Patrick Cox	Circuit Court Clerk
John A. Ransdell	Sheriff
Woodford Wayne Turner	Property Valuation Administrator
Rosemary Kitchen	Coroner

Appointed Personnel:

Mary Allen Hedges	County Treasurer
Mary Allen Hedges	Occupational Tax Collector
Charlotte O. Stone	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

BOURBON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	Governmental Fund Type			
	General	Special Revenue	Capital Projects	Debt Service
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,936,784	\$ 560,105	\$ 371,512	\$ 12
Cash and Cash Equivalents - Investments				
Accrued Interest				
Total Assets	<u>\$ 2,936,784</u>	<u>\$ 560,105</u>	<u>\$ 371,512</u>	<u>\$ 12</u>
<u>Other Resources</u>				
Amounts to Be Provided in Future Years for:				
Capital Lease Payments	\$ 1,525,000	\$	\$	\$ 111,007
Bond Payments				
Series 1995				349,988
Series 2000				4,705,000
Total Other Resources	<u>\$ 1,525,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,165,995</u>
Total Assets and Other Resources	<u><u>\$ 4,461,784</u></u>	<u><u>\$ 560,105</u></u>	<u><u>\$ 371,512</u></u>	<u><u>\$ 5,166,007</u></u>

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
Enterprise	Non-Expendable Trust	
\$ 8,991	\$	\$ 3,877,404
	5,058,849	5,058,849
	270	270
\$ 8,991	\$ 5,059,119	\$ 8,936,523
\$	\$	\$ 1,636,007
		349,988
		4,705,000
\$ 0	\$ 0	\$ 6,690,995
\$ 8,991	\$ 5,059,119	\$ 15,627,518

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

	Governmental Fund Type			
	General	Special Revenue	Capital Projects	Debt Service
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Capital Lease Payments (Note 6 and 4A)	\$ 1,525,000	\$	\$	\$ 111,007
Bonds:				
Series 1995 (Note 4B)				350,000
Series 2000 (Note 4C)				4,705,000
Total Liabilities	<u>\$ 1,525,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,166,007</u>
<u>Equity</u>				
Retained Earnings	\$	\$	\$	\$
Fund Balances:				
Reserved		560,105	371,512	
Unreserved	<u>2,936,784</u>			
Total Equity	<u>\$ 2,936,784</u>	<u>\$ 560,105</u>	<u>\$ 371,512</u>	<u>\$ 0</u>
Total Liabilities and Equity	<u><u>\$ 4,461,784</u></u>	<u><u>\$ 560,105</u></u>	<u><u>\$ 371,512</u></u>	<u><u>\$ 5,166,007</u></u>

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
\$	\$	\$ 1,636,007
		350,000
		<u>4,705,000</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,691,007</u>
\$ 8,991	\$	\$ 8,991
	5,059,119	5,990,736
		<u>2,936,784</u>
<u>\$ 8,991</u>	<u>\$ 5,059,119</u>	<u>\$ 8,936,511</u>
<u>\$ 8,991</u>	<u>\$ 5,059,119</u>	<u>\$ 15,627,518</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

BOURBON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

For The Fiscal Year Ended June 30, 2002

	General Fund Type				
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund	Federal Grant Fund
<u>Cash Receipts</u>					
Schedule of Operating Revenue	\$ 3,490,185	\$ 942,598	\$ 586,507	\$ 101,539	\$ 31,830
Other Financing Sources:					
Transfers In			677,996		
Transfers From Trust Principal Funds					
Kentucky Advance Revenue Program	1,237,100				
Total Cash Receipts	<u>\$ 4,727,285</u>	<u>\$ 942,598</u>	<u>\$ 1,264,503</u>	<u>\$ 101,539</u>	<u>\$ 31,830</u>
<u>Cash Disbursements</u>					
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,409,850	\$ 789,279	\$ 979,253	\$ 189,472	\$ 31,830
Other Financing Uses:					
Schedule of Unbudgeted Expenditures					
Transfers Out	765,526				
Capital Lease Payment - Principal	8,000		105,000		
Bonds:					
Principal Paid					
Interest Paid					
Kentucky Advance Revenue Program Repaid	1,237,100				
Total Cash Disbursements	<u>\$ 5,420,476</u>	<u>\$ 789,279</u>	<u>\$ 1,084,253</u>	<u>\$ 189,472</u>	<u>\$ 31,830</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (693,191)	\$ 153,319	\$ 180,250	\$ (87,933)	\$
Cash Balance - July 1, 2001	<u>1,842,592</u>	<u>469,297</u>	<u>895,383</u>	<u>176,176</u>	
Cash Balance - June 30, 2002	<u>\$ 1,149,401</u>	<u>\$ 622,616</u>	<u>\$ 1,075,633</u> [*]	<u>\$ 88,243</u>	<u>\$ 0</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

Special Revenue Fund Type			Capital Projects Fund Type	Debt Service Fund Type	
Phase I Fund	Health and Welfare Fund	Educational Trust Checking Fund	Bond Proceeds Fund	Public Properties Corporation Fund	Totals (Memorandum Only)
\$ 481,566	\$ 500	\$ 13,802	\$ 37,217	\$ 40,335	\$ 5,726,079
		187,988		87,530	765,526
					187,988
					1,237,100
<u>\$ 481,566</u>	<u>\$ 500</u>	<u>\$ 201,790</u>	<u>\$ 37,217</u>	<u>\$ 127,865</u>	<u>\$ 7,916,693</u>
\$ 441,879	\$	\$	\$ 1,747,712	\$	\$ 7,589,275
	726	168,393			169,119
					765,526
					113,000
				105,000	105,000
				22,884	22,884
					1,237,100
<u>\$ 441,879</u>	<u>\$ 726</u>	<u>\$ 168,393</u>	<u>\$ 1,747,712</u>	<u>\$ 127,884</u>	<u>\$ 10,001,904</u>
\$ 39,687	\$ (226)	\$ 33,397	\$ (1,710,495)	\$ (19)	\$ (2,085,211)
	13,879	473,368	2,082,007	31	5,952,733
<u>\$ 39,687</u>	<u>\$ 13,653</u>	<u>\$ 506,765</u>	<u>\$ 371,512</u>	<u>\$ 12</u>	<u>\$ 3,867,522</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE

BOURBON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2002

	<u>Enterprise Fund Type</u>
<u>Cash Receipts</u>	<u>Jail Canteen Fund</u>
Receipts - Jail Canteen	\$ 82,456
Total Cash Receipts	\$ 82,456
 <u>Cash Disbursements</u>	
Expenditures - Jail Canteen	\$ 75,794
Total Cash Disbursements	\$ 75,794
Excess of Cash Receipts Over Cash Disbursements	\$ 6,662
Cash Balance - July 1, 2001	2,329
Cash Balance - June 30, 2002	\$ 8,991

The accompanying notes are an integral part of the financial statements.

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COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS

BOURBON COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 2002

<u>Operating Revenues:</u>	<u>Fiduciary Fund Type</u>
Interest	\$ 177,540
Dividends	48,412
Contributions/Other	<u>1,974</u>
Total Operating Revenues	<u>\$ 227,926</u>
 <u>Operating Expenses:</u>	
Commissions and Fees	\$ 32,523
Scholarships Paid	25,850
Other Expense	7,566
Accrued Interest Paid	<u>528</u>
Total Operating Expenses	<u>\$ 66,467</u>
Income Before Nonoperating Revenues (Expenses)	<u>\$ 161,459</u>
 <u>Nonoperating Revenues (Expenses):</u>	
Transfer to Fiscal Court	\$ (187,563)
Gain (Loss) on Sale of Investments	<u>135,126</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (52,437)</u>
Net Income	\$ 109,022
Retained Earnings - July 1, 2001	<u>4,950,097</u>
Retained Earnings - June 30, 2002	<u><u>\$ 5,059,119</u></u>

The accompanying notes are an integral part of the financial statements.

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COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS

BOURBON COUNTY
COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS

For The Fiscal Year Ended June 30, 2002

	<u>Enterprise Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals Primary Government (Memorandum Only)
	<u>Jail Canteen Fund</u>	<u>Non-Expendable Trust</u>	<u></u>
Cash Flows From Operating Activities:			
Operating Income	\$ 6,662	\$ 161,459	\$ 168,121
Net Cash Provided By Operating Activities	\$ 6,662	\$ 161,459	\$ 168,121
Cash Flows From Non-Capital Financing Activities:			
Transfer to Fiscal Court		\$ (187,563)	\$ (187,563)
Net Cash Used in Non-Capital Financing Activities		\$ (187,563)	\$ (187,563)
Cash Flows from Investing Activities:			
Gain on Sale of Investments		\$ 135,126	\$ 135,126
Net Cash Provided by Investing Activities		\$ 135,126	\$ 135,126
Net Increase in Cash and Cash Equivalents	\$ 6,662	\$ 109,022	\$ 115,684
Cash and Cash Equivalents - July 1, 2001	2,329	350,983	353,312
Cash and Cash Equivalents - June 30, 2002	\$ 8,991	\$ 460,005	\$ 468,996

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bourbon County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation as part of the reporting entity.

Bourbon County Public Properties Corporation:

The Bourbon County Public Properties Corporation cannot be sued in its own name without recourse to the Bourbon County Fiscal Court, which appoints a voting majority consisting of fiscal court members and the County Attorney. The fiscal court is able to impose its will on the Corporation. The Corporation is created solely for the benefit of the fiscal court per KRS 58.180 to act as an agent in the acquisition and financing of any public project. The fiscal court has access to the Corporation's resources, is legally obligated to finance the debts of or provide financial support to the Corporation. The Corporation is financially accountable to the fiscal court. This component unit is blended within the financial statements of the county.

Additional - Bourbon County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bourbon County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bourbon County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bourbon County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and the Federal Grant Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Bourbon County Special Revenue Fund Type includes the following county funds: the Phase I Fund, Health and Welfare Fund and the Educational Trust Checking Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Bond Proceeds Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

5) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Bourbon County Enterprise Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

6) Fiduciary Fund Type

Fiduciary Fund Type accounts for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a non-expendable trust fund, or an expendable trust fund is used. The terms “non-expendable” or “expendable” refer to whether or not the government is under obligation to maintain trust principal.

Non-expendable trust funds account for revenue expended to carry out the objectives of the trust and for the corpus (principal) of the trust, which must remain intact. The Bourbon County Non-expendable Trust Funds include the following: E.M. Costello Fund, Garth Fund, Thomas Costello Fund, Hamilton Fund, Robert Meteer Fund, Lucy Anderson Fund, Harrell-Kennedy Fund, Elaine Hinkle Fund, Lou Redmon Fund, John Marston Educational Fund, Howard Forquer Fund, May Goff Fund, Talbott Clay Fund, Francis Champ Fund, Clifton Gillespie Fund, F.M. Gillespie Fund and Ella Davis Fund.

C. Basis of Accounting

For all fund types the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, deferred revenue, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county’s fixed assets are not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Bourbon County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget (Continued)

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted. Formal budgets are not adopted for the non-expendable trust funds because the trust agreements do not require these funds to be budgeted. A formal budget is not adopted for the Health and Welfare Fund because this was a donation left in 1991 in order to help buy prescriptions for indigents.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Judy Water Association is considered a related organization of Bourbon County Fiscal Court.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name.

Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

Types of Investments	Category			Carrying Amount	Market Value
	1	2	3		
Cash Equivalents	\$	\$	\$ 460,005	\$ 460,005	\$ 460,007
Bonds - Government			1,072,059	1,072,059	666,175
Bonds - Corporate			1,555,558	1,555,558	2,066,636
Mutual Funds - Fixed			501,114	501,114	1,194,941
Mutual Funds - Equity			727,200	727,200	99,885
Common Stock			742,913	742,913	1,144,967
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,058,849</u>	<u>\$ 5,058,849</u>	<u>\$ 5,632,611</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Long-Term Debt

- A. During fiscal year ended June 30, 1998, the Bourbon County Public Properties Corporation entered into a promissory term note agreement with Community Ventures Corporation, at a fixed interest rate of 5 percent, for the purchase and renovation of a manufacturing facility. The Public Properties Corporation is obligated to pay \$131,500 in principal payments over seven years, beginning October 5, 1997, with a final balloon payment of \$100,308 due on September 5, 2004. As of June 30, 2002, the outstanding principal balance was \$111,007.

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 5,437	\$ 4,981
2004	5,182	5,236
2005	<u>1,254</u>	<u>100,790</u>
Totals	<u>\$ 11,873</u>	<u>\$ 111,007</u>

The property was subsequently leased to Accutran Industries, Inc. The lease agreement requires monthly payments of \$868. Accutran Industries, Inc. is in substantial compliance with the terms of the lease agreement.

- B. On May 5, 1995, the Bourbon County Public Properties Corporation issued bonds, Series 1995, in the amount of \$1,000,000, for the purpose of paying courthouse renovation costs. Principal payments are made annually on February 1, and the interest rate is a variable rate ranging from 4.3 percent to 5.1 percent. Interest on the bonds is payable semiannually February 1 and August 1. To aid in debt relief, the Administrative Office of the Courts makes a biannual payment in the amount of \$20,120 directly to the Paying Agent. The County is liable for the remaining difference. As of June 30, 2002, the outstanding principal balance was \$350,000.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
August 1, 2002	\$ 8,870	\$
February 1, 2003	8,870	110,000
August 1, 2003	6,120	
February 1, 2004	6,120	115,000
August 1, 2004	3,187	
February 1, 2005	<u>3,188</u>	<u>125,000</u>
Totals	<u>\$ 36,355</u>	<u>\$ 350,000</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Long-Term Debt (Continued)

- C. On August 1, 2000, the Bourbon County Public Properties Corporation issued bonds, Series 2000, in the amount of \$4,705,000 for the purpose of constructing a circuit and district court facility. Principal payments are made annually on February 1, and interest on the bonds is payable on February 1 and August 1. Payment of interest, which is a variable rate ranging from 4.875 percent to 5.25 percent, commenced on February 1, 2001. As of June 30, 2002, the outstanding principal balance was \$4,705,000.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
August 1, 2002	120,477	
February 1, 2003	120,477	145,000
August 1, 2003	116,943	
February 1, 2004	116,943	150,000
August 1, 2004	113,287	
February 1, 2005	113,287	155,000
August 1, 2005	109,509	
February 1, 2006	109,509	165,000
August 1, 2006	105,487	
February 1, 2007	105,487	175,000
August 1, 2007 - February 1, 2012	917,213	1,000,000
August 1, 2012 - February 1, 2017	636,378	1,285,000
August 1, 2017 - February 1, 2022	262,499	1,630,000
Totals	<u>\$ 2,947,496</u>	<u>\$ 4,705,000</u>

Note 5. Capital Lease Agreement

During fiscal year ended June 30, 1992, Bourbon County entered into a \$63,000 lease-purchase agreement with the Kentucky Association of Counties Leasing Trust for the acquisition of voting machines. Principal and interest payments are made on an annual basis, respectively. The termination of the lease purchase agreement was on February 1, 2002; therefore there is no remaining balance as of June 30, 2002.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 6. Long-Term Participation Agreement

During fiscal year ended June 30, 1992, the Bourbon County Fiscal Court entered into a twenty year, \$2,300,000 lease participation agreement with GMB Financial Group, Inc. for the construction of a detention center. As specified by terms of the lease, principal payments are due annually on January 1, and interest payments are due semiannually on July 1 and January 1. As of June 30, 2002, the outstanding principal balance was \$1,525,000.

<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>
July 1, 2002	51,209	
January 1, 2003	51,209	110,000
July 1, 2003	47,194	
January 1, 2004	47,194	120,000
July 1, 2004	43,294	
January 1, 2005	43,294	130,000
July 1, 2005	39,069	
January 1, 2006	39,069	135,000
July 1, 2006	34,681	
January 1, 2007	34,681	145,000
July 1, 2007 - January 1, 2012	187,975	885,000
Totals	<u>\$ 618,869</u>	<u>\$ 1,525,000</u>

Note 7. Paris/Bourbon County Industrial Authority

In April 2000, the Bourbon County Fiscal Court (the County) adopted a resolution obligating the County to secure a loan in the amount of \$160,000 for a spec building in the Industrial Park. The loan is shared between the City of Paris and the County, and revenues from the lease of the spec building to the industry are used to retire the loan. In May 2001, the loan was refinanced with a principal amount of \$119,530. Principal payments of \$119,530, and interest payments of \$3,392 were made during fiscal year 2002 in order to pay off the loan. As of June 30, 2002 there is no remaining balance.

Note 8. Settlement of Prior Year Contingency

During the prior year audit, the county informed the auditors of a situation involving an investigation by the Commonwealth of Kentucky's Labor Cabinet. The Labor Cabinet decided that EMT incentive pay should be added to the base pay rate for firefighters when calculating unscheduled overtime pay, which had not been done in the past. The Treasurer had to calculate the difference in pay due the firefighters with the incentive pay added to their base pay rate from January 1997 which totaled \$22,224.54. This amount was paid on June 20, 2002.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 9. Non-Expendable Trust Funds

The county has fifteen educational trust funds established by the wills and codicils of various residents of Bourbon County. The wills imposed that the funds be held in perpetuity, which means that the original principal amount remain intact. The income generated by the principal, less administrative costs, is to be spent for educational scholarships. The county has a committee, appointed by the Judge/Executive, that decides how the money shall be disbursed based on applications received by the Judge/Executive's office. The following are educational trust funds of Bourbon County: E.M. Costello Fund, Garth Fund, Thomas Costello Fund, Hamilton Fund, Robert Meter Fund, Lucy Anderson Fund, Harrell-Kennedy Fund, Elaine Hinkle Fund, Lou Redmon Fund, John Marston Educational Fund, Howard Forquer Fund, May Goff Fund, Talbott Clay Fund, Francis Champ Fund, Clifton Gillespie Fund, F.M. Gillespie Fund and Ella Davis Fund.

The Clifton Gillespie trust fund was established to provide financial assistance with hospital bills to indigent residents of Bourbon County. The County Judge/Executive decides who shall receive assistance from this fund by applications submitted. Each eligible person is limited to \$2,000.

Note 10. Corrected Prior Year Audited Balances

During the audit, the county informed the auditors of twenty-five CDs which related to the Non-expendable Trust Funds, a few of which had been included in the principal amount in the prior year. Auditors determined that these CD amounts, which are comprised of trust interest that had not been spent, should be included as cash equivalents of the Educational Trust Checking Fund. It was also determined that the carrying amount of the non-expendable trust funds should reflect cost rather than market. After these corrections were made, and the F.M. Gillespie and Ella Davis Funds were added, the prior year Non-expendable Trust Fund principal amount decreased from \$6,207,073 to \$4,950,097. The prior year Educational Trust Checking Fund increased from \$204,735 to \$473,368.

Auditors discovered a Health and Welfare account, which was determined to be a Special Revenue Fund Type. This account has been in existence since 1991; however, it has not been reported until the current year.

The Bond Proceeds Fund was understated in the prior year due to a Sinking Fund account related to the 2000 series bond issue. This account was not listed anywhere on the county's quarterly report with the construction and capitalized interest account, nor was it included in the confirmation from the bank. The current year beginning balance has been adjusted to add the balance of this account.

COMBINING BALANCE SHEET - ALL NON-EXPENDABLE TRUST FUNDS

BOURBON COUNTY
COMBINING BALANCE SHEET - ALL NON-EXPENDABLE TRUST FUNDS

June 30, 2002

<u>Assets and Other Resources</u>	Totals (Memorandum Only)	E. M. Costello Fund	Garth Fund
<u>Assets</u>			
Cash Equivalents - Non-Expendable Trust	\$ 460,005	\$ 1,125	\$ 87,274
Bonds-Government	1,072,059	36,531	33,592
Bonds-Corporate	1,555,558		
Mutual Funds - Fixed	501,114		
Mutual Funds - Equity	727,200		
Accrued Interest	270	270	
Common Stock	742,913		
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 5,059,119</u>	<u>\$ 37,926</u>	<u>\$ 120,866</u>
<u>Liabilities and Equity</u>			
<u>Equity</u>			
Retained Earnings:			
Reserved	<u>\$ 5,059,119</u>	<u>\$ 37,926</u>	<u>\$ 120,866</u>
Total Equity	<u>\$ 5,059,119</u>	<u>\$ 37,926</u>	<u>\$ 120,866</u>
Total Liabilities and Equity	<u>\$ 5,059,119</u>	<u>\$ 37,926</u>	<u>\$ 120,866</u>

BOURBON COUNTY
 COMBINING BALANCE SHEET - ALL NON-EXPENDABLE TRUST FUNDS
 June 30, 2002
 (Continued)

Thomas Costello Fund	Hamilton Fund	Robert Meter Fund	Lucy Anderson Fund	Harrell- Kennedy Fund	Elaine Hinkle Fund
\$ 212	\$ 425	\$ 137,159	\$ 15,214	\$ 6,656	\$ 4,108
5,487	10,966				
		320,512	200,101	4,943	
			205,000	7,306	6,578
		281,660		14,974	3,481
<u>\$ 5,699</u>	<u>\$ 11,391</u>	<u>\$ 739,331</u>	<u>\$ 420,315</u>	<u>\$ 33,879</u>	<u>\$ 14,167</u>
<u>\$ 5,699</u>	<u>\$ 11,391</u>	<u>\$ 739,331</u>	<u>\$ 420,315</u>	<u>\$ 33,879</u>	<u>\$ 14,167</u>
<u>\$ 5,699</u>	<u>\$ 11,391</u>	<u>\$ 739,331</u>	<u>\$ 420,315</u>	<u>\$ 33,879</u>	<u>\$ 14,167</u>
<u>\$ 5,699</u>	<u>\$ 11,391</u>	<u>\$ 739,331</u>	<u>\$ 420,315</u>	<u>\$ 33,879</u>	<u>\$ 14,167</u>

BOURBON COUNTY
 COMBINING BALANCE SHEET - ALL NON-EXPENDABLE TRUST FUNDS
 June 30, 2002
 (Continued)

<u>Assets and Other Resources</u>	<u>Lou Redmon Fund</u>	<u>John Marston Educational Fund</u>	<u>Howard Forquer Fund</u>
<u>Assets</u>			
Cash Equivalents - Non-Expendable Trust	\$ 9,086	\$ 65,843	\$ 29,791
Bonds-Government		50,688	44,852
Bonds-Corporate	4,908	649,131	246,666
Mutual Funds - Fixed	7,169	150,000	
Mutual Funds - Equity	13,169		248,346
Accrued Interest			
Common Stock		495,788	
Total Assets	<u>\$ 34,332</u>	<u>\$ 1,411,450</u>	<u>\$ 569,655</u>
<u>Liabilities and Equity</u>			
<u>Equity</u>			
Retained Earnings:			
Reserved	<u>\$ 34,332</u>	<u>\$ 1,411,450</u>	<u>\$ 569,655</u>
Total Equity	<u>\$ 34,332</u>	<u>\$ 1,411,450</u>	<u>\$ 569,655</u>
Total Liabilities and Equity	<u>\$ 34,332</u>	<u>\$ 1,411,450</u>	<u>\$ 569,655</u>

BOURBON COUNTY
 COMBINED BALANCE SHEET - ALL NON-EXPENDABLE TRUST FUNDS
 June 30, 2002
 (Continued)

May Goff Fund	Talbott Clay Fund	Frances Champ Fund	Clifton Gillespie Fund	FM Gillespie Fund	Ella Davis Fund
\$ 3,969	\$ 16,296	\$ 2,064	\$ 80,783	\$	\$
29,849	150,641	49,811	659,642		
	20,275			71,165	37,857
	110,000			12,327	2,734
27,906				112,464	25,200
			247,125		
<u>\$ 61,724</u>	<u>\$ 297,212</u>	<u>\$ 51,875</u>	<u>\$ 987,550</u>	<u>\$ 195,956</u>	<u>\$ 65,791</u>
<u>\$ 61,724</u>	<u>\$ 297,212</u>	<u>\$ 51,875</u>	<u>\$ 987,550</u>	<u>\$ 195,956</u>	<u>\$ 65,791</u>
<u>\$ 61,724</u>	<u>\$ 297,212</u>	<u>\$ 51,875</u>	<u>\$ 987,550</u>	<u>\$ 195,956</u>	<u>\$ 65,791</u>
<u>\$ 61,724</u>	<u>\$ 297,212</u>	<u>\$ 51,875</u>	<u>\$ 987,550</u>	<u>\$ 195,956</u>	<u>\$ 65,791</u>

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COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS

BOURBON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS

June 30, 2002

	Totals (Memorandum Only)	E. M. Costello Fund	Garth Fund
Operating Revenues:			
Interest	\$ 177,540	\$ 2,249	\$ 6,553
Dividends	48,412	5	780
Contributions/Other	1,974		
Total Operating Revenues	<u>\$ 227,926</u>	<u>\$ 2,254</u>	<u>\$ 7,333</u>
Operating Expenses:			
Commissions and Fees	\$ 32,523	\$	\$ 95
Scholarships Paid	25,850		
Other Expense	7,566		
Accrued Interest Paid	528		
Total Operating Expenses	<u>\$ 66,467</u>	<u>\$ 0</u>	<u>\$ 95</u>
Income Before Nonoperating Revenues (Expenses)	<u>\$ 161,459</u>	<u>\$ 2,254</u>	<u>\$ 7,238</u>
Nonoperating Revenues (Expenses):			
Transfer to Fiscal Court	\$ (187,563)	\$ (2,254)	\$ (10,003)
Gain (Loss) on Sale of Investments	135,126	1188	(11,028)
Total Nonoperating Revenues (Expenses)	<u>\$ (52,437)</u>	<u>\$ (1,066)</u>	<u>\$ (21,031)</u>
Net Income	\$ 109,022	\$ 1,188	\$ (13,793)
Retained Earnings - July 1, 2001	4,950,097	36,738	134,659
Retained Earnings - June 30, 2002	<u><u>\$ 5,059,119</u></u>	<u><u>\$ 37,926</u></u>	<u><u>\$ 120,866</u></u>

BOURBON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS
 June 30, 2002
 (Continued)

Thomas Costello Fund	Hamilton Fund	Robert Meteer Fund	Lucy Anderson Fund	Harrell- Kennedy Fund	Elaine Hinkle Fund
\$ 425	\$ 425	\$ 22,969 8,302	\$ 14,156 5,213	\$ 306 720	\$ 464
\$ 425	\$ 425	\$ 31,271	\$ 19,369	\$ 1,026	\$ 464
\$ 28	\$ 57	\$ 4,464 25,750	\$ 3,128	\$ 400	\$ 100 100
\$ 28	\$ 57	\$ 30,214	\$ 3,128	\$ 400	\$ 200
\$ 397	\$ 368	\$ 1,057	\$ 16,241	\$ 626	\$ 264
\$ (425)	\$ (425)	\$ 10,612	\$ (20,927) 4,006	\$ (850) 2,020	\$ (353) 657
\$ (425)	\$ (425)	\$ 10,612	\$ (16,921)	\$ 1,170	\$ 304
\$ (28) 5,727	\$ (57) 11,448	\$ 11,669 727,662	\$ (680) 420,995	\$ 1,796 32,083	\$ 568 13,599
<u>\$ 5,699</u>	<u>\$ 11,391</u>	<u>\$ 739,331</u>	<u>\$ 420,315</u>	<u>\$ 33,879</u>	<u>\$ 14,167</u>

BOURBON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS
 June 30, 2002
 (Continued)

	Lou Redmon Fund	John Marston Educational Fund	Howard Forquer Fund
Operating Revenues:			
Interest	\$ 238	\$ 43,020	\$ 17,360
Dividends	733	13,427	5,254
Contributions/Other			
Total Operating Revenues	<u>\$ 971</u>	<u>\$ 56,447</u>	<u>\$ 22,614</u>
Operating Expenses:			
Commissions and Fees	\$ 400	\$ 8,376	\$ 4,002
Scholarships Paid			
Other Expense	30		
Accrued Interest Paid			
Total Operating Expenses	<u>\$ 430</u>	<u>\$ 8,376</u>	<u>\$ 4,002</u>
Income Before Nonoperating Revenues (Expenses)	<u>\$ 541</u>	<u>\$ 48,071</u>	<u>\$ 18,612</u>
Nonoperating Revenues (Expenses):			
Transfer to Fiscal Court	\$ (991)	\$ (54,278)	\$ (23,536)
Gain (Loss) on Sale of Investments	2,055	63,870	2,661
Total Nonoperating Revenues (Expenses)	<u>\$ 1,064</u>	<u>\$ 9,592</u>	<u>\$ (20,875)</u>
Net Income	\$ 1,605	\$ 57,663	\$ (2,263)
Retained Earnings - July 1, 2001	<u>32,727</u>	<u>1,353,787</u>	<u>571,918</u>
Retained Earnings - June 30, 2002	<u><u>\$ 34,332</u></u>	<u><u>\$ 1,411,450</u></u>	<u><u>\$ 569,655</u></u>

BOURBON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS - ALL NON-EXPENDABLE TRUST FUNDS
 June 30, 2002
 (Continued)

May Goff Fund	Talbott Clay Fund	Frances Champ Fund	Clifton Gillespie Fund	FM Gillespie Fund	Ella Davis Fund
\$ 1,981	\$ 11,956	\$ 4,668	\$ 42,537	\$ 6,538	\$ 2,159
479	3,134	21	7,660	1,656	564
			1,974		
\$ 2,460	\$ 15,090	\$ 4,689	\$ 52,171	\$ 8,194	\$ 2,723
\$ 462	\$ 1,918	\$	\$ 7,456	\$ 1,181	\$ 456
				3,750	3,786
	528				
\$ 462	\$ 2,446	\$ 0	\$ 7,456	\$ 4,931	\$ 4,242
\$ 1,998	\$ 12,644	\$ 4,689	\$ 44,715	\$ 3,263	\$ (1,519)
\$ (2,374)	\$ (14,422)	\$ (4,149)	\$ (52,576)	\$	\$
3,578	1,923	357	46,333	3,043	3,851
\$ 1,204	\$ (12,499)	\$ (3,792)	\$ (6,243)	\$ 3,043	\$ 3,851
\$ 3,202	\$ 145	\$ 897	\$ 38,472	\$ 6,306	\$ 2,332
58,522	297,067	50,978	949,078	189,650	63,459
\$ 61,724	\$ 297,212	\$ 51,875	\$ 987,550	\$ 195,956	\$ 65,791

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

BOURBON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 3,982,973	\$ 3,490,185	\$ (492,788)
Road and Bridge Fund	784,162	942,598	158,436
Jail Fund	1,204,484	586,507	(617,977)
Local Government Economic Assistance Fund	93,000	101,539	8,539
State Grant Fund	110,000	31,830	(78,170)
<u>Special Revenue Fund Type</u>			
Phase I Fund	1,060,000	481,566	(578,434)
<u>Capital Projects Fund Type</u>			
Bond Proceeds Fund		37,217	37,217
Totals	<u>\$ 7,234,619</u>	<u>\$ 5,671,442</u>	<u>\$ (1,563,177)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 7,234,619
Add: Budgeted Prior Year Surplus			5,896,522
Less: Other Financing Uses			<u>(1,455,100)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 11,676,041</u>

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SCHEDULE OF OPERATING REVENUE

BOURBON COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	GOVERNMENTAL FUND TYPE				
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	2,522,436	\$ 2,522,436	\$	\$	\$
Excess Fees	32,935	32,935			
Licenses and Permits	40,251	40,251			
Intergovernmental Revenues	2,790,522	2,270,282	480,000		40,240
Charges for Services	67,820	67,820			
Miscellaneous Revenues	70,058	70,058			
Interest Earned	202,057	148,877	15,868	37,217	95
Total Operating Revenue	<u>\$ 5,726,079</u>	<u>\$ 5,152,659</u>	<u>\$ 495,868</u>	<u>\$ 37,217</u>	<u>\$ 40,335</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

BOURBON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 973,778	\$ 764,515	\$ 209,263
Protection to Persons and Property	1,956,521	1,678,744	277,777
General Health and Sanitation	671,544	480,088	191,456
Social Services	326,608	254,101	72,507
Recreation and Culture	669,368	530,804	138,564
Roads	691,703	471,429	220,274
Debt Service	1,069,846	137,166	932,680
Capital Projects	400,000	391,618	8,382
Administration	960,151	691,219	268,932
 Total Operating Budget - General Fund Type	 \$ 7,719,519	 \$ 5,399,684	 \$ 2,319,835
Other Financing Uses:			
Transfers to Public Property			
Corporation Fund-			
Principal	105,000	87,530	17,470
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal	1,237,100	1,237,100	
Jail Lease Participation Agreement-			
Principal on Lease	105,000	105,000	
Capital Lease Agreement-			
Principal on Voting Machine Lease	8,000	8,000	
 TOTAL BUDGET - GENERAL FUND TYPE	 \$ 9,174,619	 \$ 6,837,314	 \$ 2,337,305

BOURBON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

SPECIAL REVENUE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Administration	\$ 1,060,000	\$ 441,879	\$ 618,121
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 1,060,000</u>	<u>\$ 441,879</u>	<u>\$ 618,121</u>

CAPITAL PROJECTS FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 2,655,567	\$ 1,506,757	\$ 1,148,810
Debt Service	<u>240,955</u>	<u>240,955</u>	
TOTAL BUDGET - CAPITAL PROJECTS FUND TYPE	<u>\$ 2,896,522</u>	<u>\$ 1,747,712</u>	<u>\$ 1,148,810</u>

SCHEDULE OF UNBUDGETED EXPENDITURES

BOURBON COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

<u>Expenditure Items</u>	<u>Special Revenue Fund Types</u>
Scholarships	\$ 132,885
Hospital Bills	21,475
Legal Ads	259
Shoes for Indigents	13,759
Other	15
Prescriptions	<u>726</u>
Totals	<u><u>\$ 169,119</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Donnie Foley, Bourbon County Judge/Executive
Members of the Bourbon County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Bourbon County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bourbon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bourbon County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
October 22, 2003

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

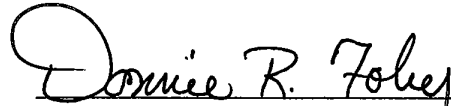
BOURBON COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002


CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
BOURBON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

The Bourbon County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

10-22-03

